

First-Class Mail

Product Development

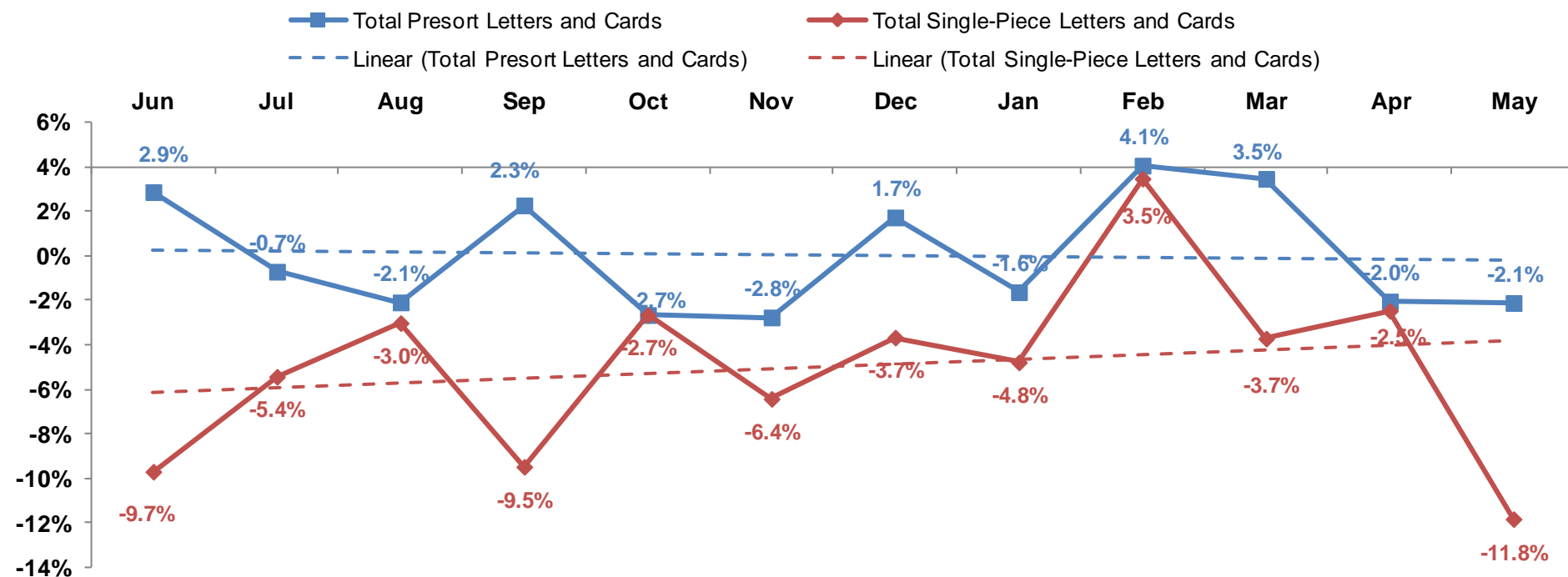
MTAC

July 2016

- **Pulse of the Industry**
- **2015 Promotions Recap**
- **2016 Promotions Update**
- **2017 Promotions Review**
- **Informed Delivery Update**
- **Pricing Simplification Update**
- **Open Discussion**

Pulse of the Industry

First-Class Mail Volume (% Change over SPLY)



2015 Promotions - Recap

Earned Value

➤ BRM: Total pieces:	37.1M	Total Credits:	\$859.9K
➤ CRM: Total pieces:	<u>+451.4M</u>	Total Credits:	<u>+\$10.4M</u>
	➤ 488.5M		\$11.3M

Color Transpromo

- Over 1.1B mailpieces; over \$433M in revenue
- Over \$8.8M in discounts received by participating customers

Emerging & Advanced Technology

- 4B mailpieces; \$859M in revenue
- Over \$17.5M in discounts received by participating customers

Mail Drives Mobile Engagement

- 5.6B mailpieces; \$1.4B in revenue
- Over \$28.8M in discounts received by participating customers

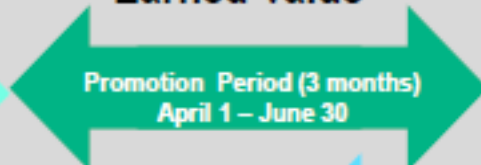
2016 Promotions Calendar Update

As of December 11, 2015

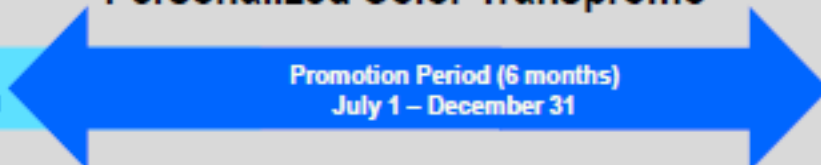
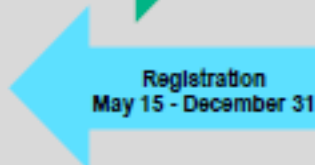
JAN — FEB — MARCH | **APRIL — MAY — JUNE** | **JULY — AUG — SEPT** | **OCT — NOV — DEC**

FIRST-CLASS MAIL®

Earned Value

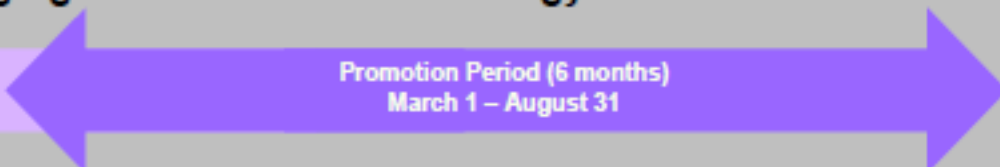


Personalized Color Transpromo



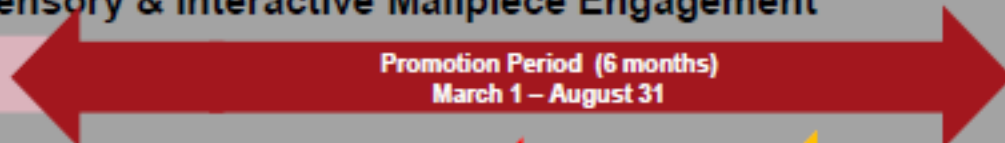
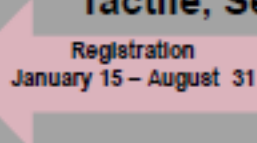
STANDARD MAIL® AND FIRST-CLASS MAIL

Emerging and Advanced Technology/Video In Print

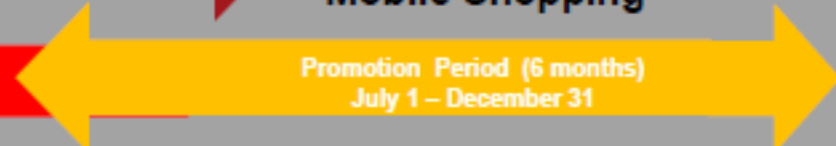


STANDARD MAIL

Tactile, Sensory & Interactive Mailpiece Engagement



Mobile Shopping



▪ Earned Value

- Over 480 customers enrolled
- As of 7/7, CRM pieces: over 386M. BRM pieces: over 33M
- 2016 Credit release begins – 7/11/16
- 2013 credits **expire** 8/15/16

▪ Emerging & Advanced Technology

- Through 7/6 – promotion **ends** 8/31/16
 - registered – 219
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- 2015 Promotion Survey trend currently averages about 40% completion
- 2016 Promotion surveys (EV, E& A, TSI) will begin this fall
- UG8 input to support survey completion

Final Mailpiece Submission Requirements

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2017 Promotions Calendar Review

Approved 2017 Promotion Calendar

As of June 24, 2016

PRC approved as of June 16, 2016

NOV – DEC 2016

JAN – FEB - MARCH

APRIL – MAY - JUNE

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FIRST-CLASS MAIL

Registration
Nov 15 -
Dec 31, 2016

Earned Value

Promotion Period (6 months)
January 1 – June 30

*registration closes Dec. 31, 2016

Registration
May 15 - Dec 31

Color Transpromo

Promotion Period (6 months)
July 1 – December 31

STANDARD AND FIRST-CLASS MAIL

Emerging & Advanced Technology

Registration
Jan 15 – Aug 31

Promotion Period (6 months)
March 1 – August 31

STANDARD MAIL

Tactile, Sensory & Interactive Engagement

Registration
Dec 15 – July 31

Promotion Period (6 months)
February 1 – July 31

Direct Mail Starter

Registration
March 15 – July 31

Promotion Period (3 months)
May 1 – July 31

Mobile Shopping

Registration
June 15 – Dec 31

Promotion Period (5 months)
August 1 – December 31)

Promotion Period: January – June 2017

Earned Value Reply Mail Promotion:

As in prior years, this promotion will encourage mailers to distribute BRM and CRM envelopes and cards by providing them with a financial benefit when their customers put those pieces back in the mail. Credits may be applied to postage for First-Class mail presort & automation cards, letters and flats and Standard Mail letters & flats. Unused credits will expire December 31, 2017.

NEW in 2017

- ✓ Promotion will run for **6** months (previous years have been for 3 months)
- ✓ Mailers can earn a financial benefit related to distribution of Share Mail™ pieces
- ✓ Mailers can earn a **5¢** postage credit for each BRM, CRM & Share Mail™ piece placed in the mail stream & scanned during the promotion period
- ✓ Additional credits **will not** be offered to mailers that meet or increase prior year's volume

Promotion Period: February – July 2017

Tactile, Sensory and Interactive Mailpiece Engagement Promotion:

This promotion encourages mailers to enhance customer engagement with the mail through the use of advanced print innovations in paper and stock, substrates, inks, and finishing techniques. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two percent postage discount during the promotion period.

NEW in 2017

- ✓ Slight adjustments to requirements –will most likely remove some qualifying characteristics
- ✓ Will work with UG8 for input on our final requirements

Promotion Period: March – August 2017

Emerging and Advanced Technology Promotion:

This promotion encourages mailers to incorporate mobile and other technologies into their direct mailpieces. As in prior years, regular and nonprofit Standard Mail letters and flats, and First-Class Mail presort or automation letters, cards, and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount.

NEW in 2017

- ✓ In addition to the qualifying technologies recognized in 2016, eligibility for the discount will extend to mailpieces that incorporate two new categories of emerging technology, which can enhance mailers' direct marketing campaigns:
 - virtual reality, and
 - technology that facilitates programmatic and retargeting marketing strategies
- ✓ The 2017 promotion **will not** offer an A/B Testing option

NEW Promotion for 2017

Promotion Period: May – July 2017

Direct Mail Starter Promotion:

The Postal Service is aware that complex participation requirements can create barriers for many small business mailers that would otherwise respond to promotional incentives by maintaining or growing their direct mail volume.

This promotion is intended to encourage small business mailers to design direct mail marketing campaigns that incorporate a qualifying technology (such as a QR code), which leads the consumer to a mobile-optimized website.

- ✓ Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront **five-percent** postage discount.
- ✓ **No more than 10,000** pieces per mailer may receive the discount during the promotion period
- ✓ Promotion will run for **3 months**

Promotion Period: July – December 2017

Personalized Color Transpromo Promotion:

As in prior years, this promotion will enhance the value of First-Class Mail by encouraging mailers of bills and statements to use color messaging in order to foster a better connection with, and response from, customers. First-Class Mail presort and automation letters—bills and statements only—that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

NEW in 2017

- ✓ **New** Personalized Color Transpromo promotion participants (who have never participated in past years), will be able to qualify with just color messaging.
- ✓ Participants in a prior year's Personalized Color Transpromo promotion, the messaging in this year's mailpieces must also either address the recipient by name or contain information relevant and specific to the recipient. (pieces must have both color messaging and personalization to qualify)

Promotion Period: August – December 2017

Mobile Shopping Promotion:

This promotion encourages mailers to integrate into their direct mail pieces mobile technology that facilitates an online shopping experience, and in turn, creates a convenient method for consumers to do their online shopping, particularly during the holiday season. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

- August - Program Requirements estimated release
- Industry Promotion Suggestion update
- MTAC Task Team #24

- **Program Office contact:**

Email: mailingpromotions@usps.gov

Facsimile: 202-268-0238

Mail: US Postal Service
Post Office Box 23282
Washington, DC 20026-3282

- **Program Requirements & Documents**

<https://ribbs.usps.gov/index.cfm?page=mailingpromotions>

<https://www.usps.com/business/promotions-and-incentives.htm>

- **Registration**

<https://gateway.usps.com>

- **PostalOne Help Desk:**

(800) 522-9085 or postalone@email.usps.gov

- **Irresistible Mail:** Irresistiblemail.com

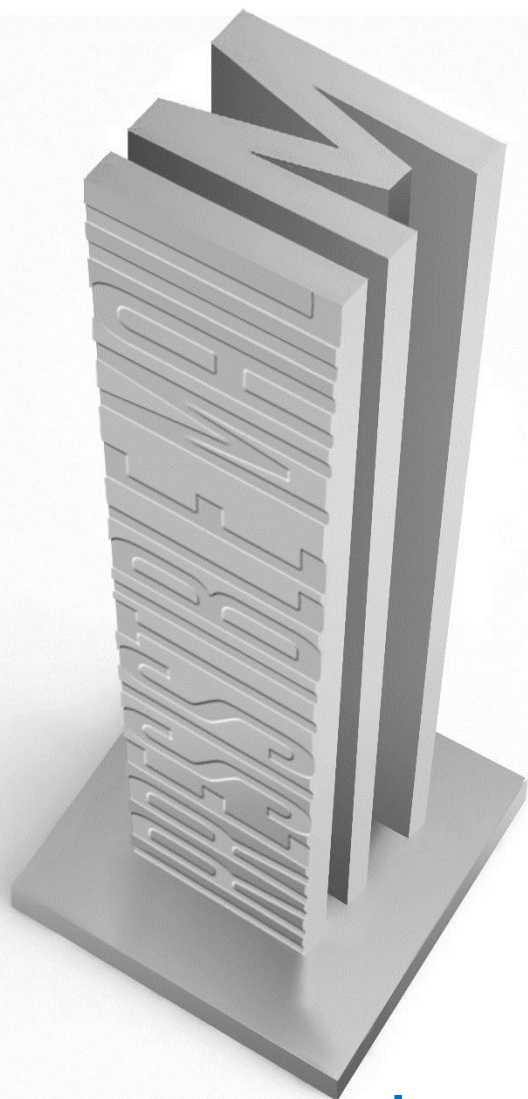
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- **Contest continues in 2017**
- **Quarter 2 submissions due online by September 26th**
- **Quarterly winners compete to become Grand Champion**
- **Winning Client, Agency, and Printer will be announced at NPF 2017**

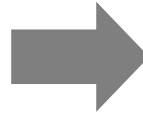


www.irresistiblemail.com/award

Informed Delivery™ Update

Bridge the Physical and Digital

Physical mail
pieces



Digital access
and
interactivity for
mail



Consumer

- ✓ Access to mail anytime, anywhere
- ✓ Increase transparency and visibility to more in household
- ✓ Provide convenient alternative for interactivity with direct mail offers



Mailer

- ✓ Drive additional impressions of mail pieces and higher ROI of direct mail
- ✓ Provide more visibility to First Class mail to ensure open sooner
- ✓ Compete with digital advertising through digital interactivity in mailings



USPS

- ✓ Increase mail volume through:
 - Improved direct mail ROI to drive higher response rates
 - Improve timeliness by driving customer to mailbox
- ✓ Enhance customer experience to improve the USPS brand

Mailer Campaign Testing

Industries with Highest Engagement



Retail (25)



MSP (17)



Insurance (15)



Financial Services (14)



Mail Order Catalog (9)

*Engagement defined as # of Mailers that participated in Stage 1 or 2 conversation

Campaign Status Update

22

Completed campaigns

3

Active campaigns

30+

Campaigns projected for completion by August

Operational Pilot

Goal:

Test Service and Increase Awareness

Priorities:

- Increase broad mailer awareness
- Onboard willing early “test” mailers
- Enroll initial consumer users
- Analyze post-campaign results/mailer to improve capabilities/data needs
- Define general value proposition for mailers
- Data Analysis and campaign results quality checks

Updates and Next Steps

Key Metrics

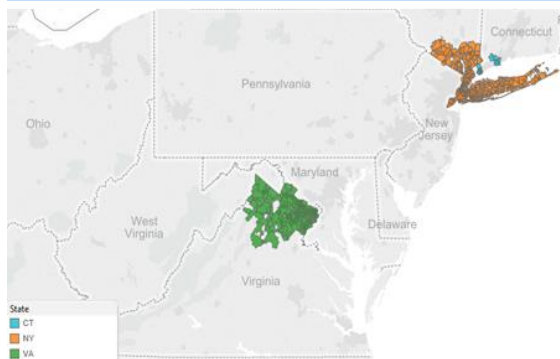
User Acquisition (as of 7/5)

- Total users: 74,556
- NY/CT users: 71,028
- NoVA users: 3,528

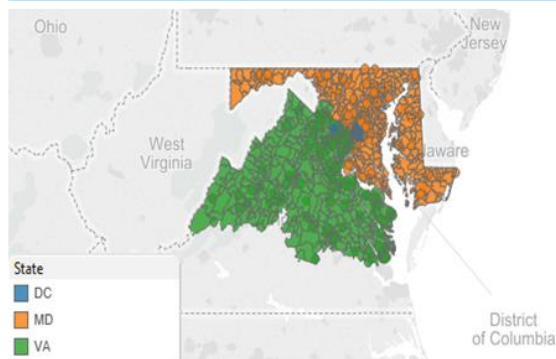
Current 5-Digit ZIP Code Locations

- Number of NY/CT Zip Codes: 653
- Number of NoVA ZIP Codes: 192

NoVA (2014) and New York (2015)



Capital Region Expansion (August 2016)



National Roll Out (Early 2017)

Sequence	Region/Location
1	Southern California
2	San Francisco
3	Houston and Dallas
4	Philadelphia and Pittsburgh
5	Remainder of NY, Northern New Jersey, and Long Island
6	Chicago, Detroit, and Minneapolis
7	Miami and Atlanta
8	...

Pricing Simplification Update

Pricing/Product Simplification First- Class Mail Considerations

Industry Discussion

Proposed

Internal Process

- Share Concepts with Industry
- Validate Financials (IRC)
- Solicit ELT Approval
- Solicit Governor Approval
- File with PRC
- PRC Decision

All discussions around January 2017 Product Concepts and Potential Structural Changes are to be considered preliminary and non-binding as they are still under consideration and are pending USPS senior leadership approval. Final Prices and Product decisions are within the sole authority of Governors and subject to PRC approval.

Proposed Dates

- 7/12-7/13: Share Key Concepts with MTAC
- Aug: Share Technical Changes and Draft Postage Statements with Developers
- Aug: Share Draft Mailing Standards
- Sep/Oct.: Final PRC Market Dominant
- Nov: Competitive Filings
- Nov/Dec: Publish Final Prices, Standards

Items under consideration:

➤ First-Class

- Combine AADC and 3-Digit Automation Letters for First-Class Presort
- 3rd Ounce free for First-Class Commercial Letters
- First-Class Mail Promotions

Items under consideration: (Prices for illustrative purposes only)

➤ Letters

- Merge 3D and AADC columns, create one pre-sort level
- Work with Operations to determine requirements for a new pre-sort level (if needed)

Labeling List Impacts – L801/L002

First-Class Mail COMMERCIAL LETTERS & CARDS

Create one
column 3D/AADC

Weight Not Over (ounces)	Automation ¹				Machinable	Nonmachinable
	5-Digit	3-Digit	AADC	Mixed AADC	Presorted ² (B3, B9, D5)	(Broken out separately on Postage Statement)
1	\$0.391	\$0.416	\$0.416	\$0.439	\$0.471	\$0.689
2	0.391	0.416	0.416	0.439	0.471	0.689
3	0.651	0.676	0.676	0.699	0.731	0.949
3.5	0.781	0.806	0.806	0.829	0.861 ³	1.079
Postcard ⁴	0.260	0.275	0.275	0.284	0.295	-


1. Subtract \$0.003 for each automation letter/card that complies with the Full-Service Intelligent Mail option requirements.
2. Letters that meet one or more of the nonmachinable characteristics in DMM 201.2.1 are subject to the nonmachinable prices.
3. The maximum weight for machinable letter preparation is 3.3 ounces.
4. The card price applies to each single or double postcard when originally mailed; reply half of double postcard-sized mailpiece must be designed for reply mail purposes only.

Items under consideration: (Prices for illustrative purposes only)

- 3rd ounce free for Commercial Letters
 - One price for up to 3 ounces

First-Class Mail COMMERCIAL LETTERS & CARDS

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■ Residuals

Residual Single-Piece Letters

Weight Not Over (Ounces)	(B5 or B7)	Cross reference to PS Form 3600-FCM
1	\$0.480	B5
2	0.480	B5
3	0.885	B7
3.5	1.095	B7

Single Piece— Letter Prices

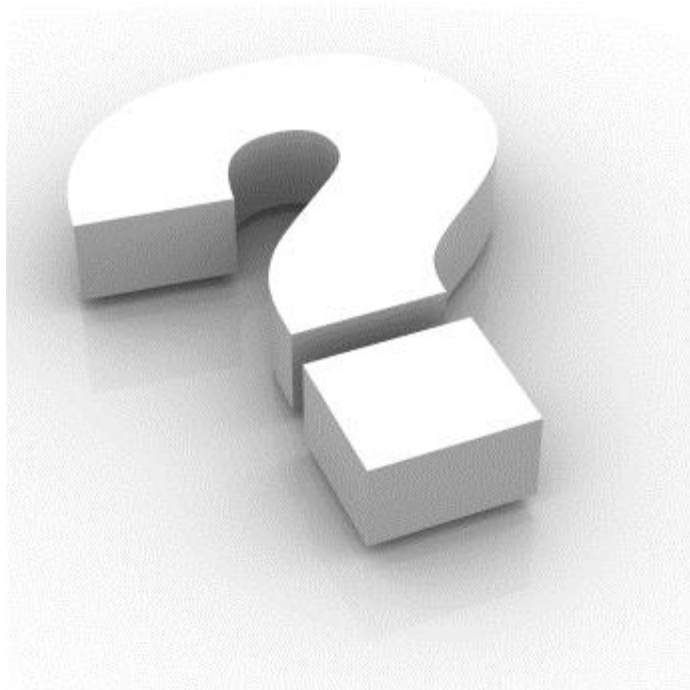
Weight Not Over (Ounces)		Cross reference to PS Form 3600-FCM	Pieces from STD Mail	
			Weight Not Over (Ounces)	(B8 and B11)
1	\$0.465	B4, B7, B10, B17, D6, D13	1	\$0.47
2	0.675	B6, B7, B10, B18, D6	2	0.68
3	0.885	B7, B10, B18, D6	3	0.89
3.5	1.095	B7, B10, B18, D6	3.5	1.10

*B12 Should be completed each time there are prices claimed in line B9. Nonmachinable Surcharge \$0.210 (B12)

**B13 Should be completed each time there are prices claimed in lines B10 or B11. Nonmachinable Surcharge \$0.210 (B13)

**One residual
price for up to 3
ounces**

Questions?



Standard Mail

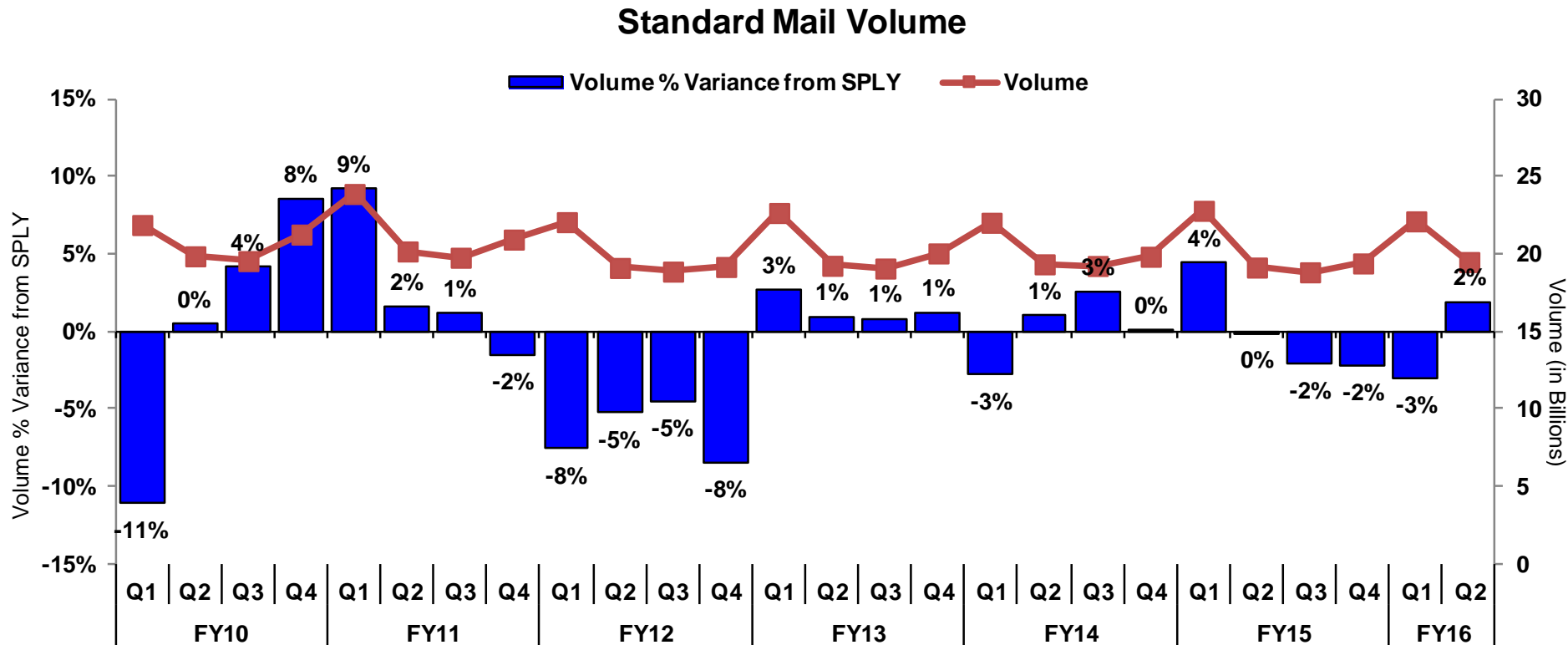
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Pulse of the Industry



Source (s):
RPW Quarterly Reports; Excludes Parcels and International Mail volumes

Standard Mail: % Change SPLY

	<u>FY14 Q1</u>	<u>FY14 Q2</u>	<u>FY14 Q3</u>	<u>FY14 Q4</u>	<u>FY15 Q1</u>	<u>FY15Q2</u>	<u>FY15Q3</u>	<u>FY15Q4</u>	<u>FY16Q1</u>	<u>FY16Q2</u>
High Density and Saturation Letters	6.0	4.9	4.7	2.6	6.3	8.7	10.9	8.3	6.6	8.6
High Density and Saturation Flats and Parcels*	(2.9)	1.2	0.5	(0.4)	2.5	1.0	(2.3)	(4.8)	(7.0)	(3.1)
Carrier Route	(15.7)	1.5	3.4	(4.7)	7.5	(5.7)	(11.3)	(24.7)	(30.1)	(22.0)
Flats	(10.8)	(8.8)	(8.3)	(8.5)	(5.7)	(7.0)	0.0	29.9	36.2	31.8
Letters	0.6	0.9	3.8	1.8	5.1	0.3	(2.3)	(2.2)	(1.1)	3.4
Total Standard Mail (Excludes Parcels & Intl)	(2.8)	1.0	2.5	0.1	4.4	(0.1)	(2.1)	(2.2)	(3.0)	1.9

* Includes EDDM Retail

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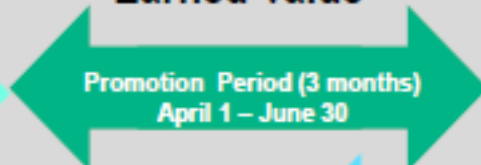
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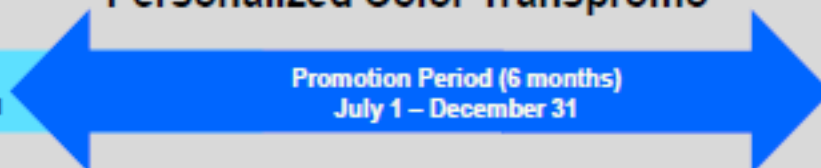
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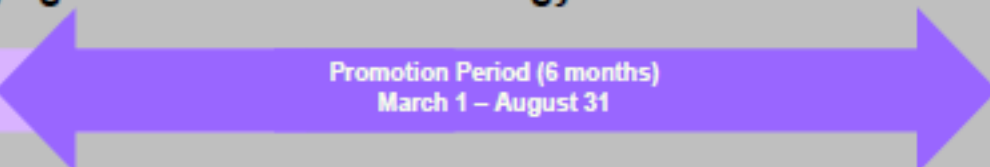


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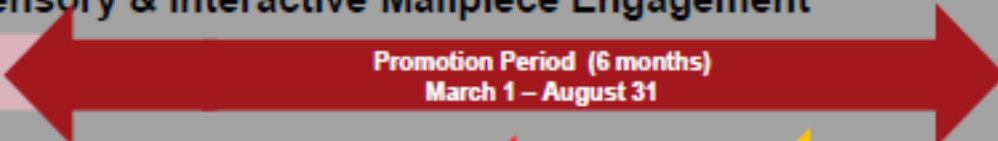
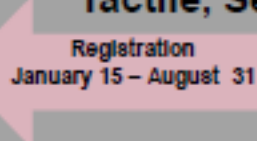
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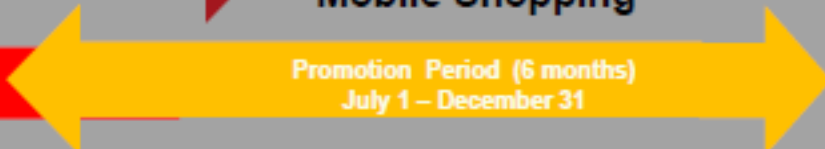


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- ✓ Mailers can earn a **5¢** postage credit for each BRM, CRM & Share Mail™ piece placed in the mail stream & scanned during the promotion period
- ✓ Additional credits **will not** be offered to mailers that meet or increase prior year's volume

Promotion Period: February – July 2017

Tactile, Sensory and Interactive Mailpiece Engagement Promotion:

This promotion encourages mailers to enhance customer engagement with the mail through the use of advanced print innovations in paper and stock, substrates, inks, and finishing techniques. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two percent postage discount during the promotion period.

NEW in 2017

- ✓ Slight adjustments to requirements –will most likely remove some qualifying characteristics
- ✓ Will work with UG8 for input on our final requirements

Promotion Period: March – August 2017

Emerging and Advanced Technology Promotion:

This promotion encourages mailers to incorporate mobile and other technologies into their direct mailpieces. As in prior years, regular and nonprofit Standard Mail letters and flats, and First-Class Mail presort or automation letters, cards, and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount.

NEW in 2017

- ✓ In addition to the qualifying technologies recognized in 2016, eligibility for the discount will extend to mailpieces that incorporate two new categories of emerging technology, which can enhance mailers' direct marketing campaigns:
 - virtual reality, and
 - technology that facilitates programmatic and retargeting marketing strategies
- ✓ The 2017 promotion **will not** offer an A/B Testing option

NEW Promotion for 2017

Promotion Period: May – July 2017

Direct Mail Starter Promotion:

The Postal Service is aware that complex participation requirements can create barriers for many small business mailers that would otherwise respond to promotional incentives by maintaining or growing their direct mail volume.

This promotion is intended to encourage small business mailers to design direct mail marketing campaigns that incorporate a qualifying technology (such as a QR code), which leads the consumer to a mobile-optimized website.

- ✓ Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront **five-percent** postage discount.
- ✓ **No more than 10,000** pieces per mailer may receive the discount during the promotion period
- ✓ Promotion will run for **3 months**

Promotion Period: July – December 2017

Personalized Color Transpromo Promotion:

As in prior years, this promotion will enhance the value of First-Class Mail by encouraging mailers of bills and statements to use color messaging in order to foster a better connection with, and response from, customers. First-Class Mail presort and automation letters—bills and statements only—that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

NEW in 2017

- ✓ **New** Personalized Color Transpromo promotion participants (who have never participated in past years), will be able to qualify with just color messaging.
- ✓ Participants in a prior year's Personalized Color Transpromo promotion, the messaging in this year's mailpieces must also either address the recipient by name or contain information relevant and specific to the recipient. (pieces must have both color messaging and personalization to qualify)

Promotion Period: August – December 2017

Mobile Shopping Promotion:

This promotion encourages mailers to integrate into their direct mail pieces mobile technology that facilitates an online shopping experience, and in turn, creates a convenient method for consumers to do their online shopping, particularly during the holiday season. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

- August - Program Requirements estimated release
- Industry Promotion Suggestion update
- MTAC Task Team #24

- **Program Office contact:**

Email: mailingpromotions@usps.gov

Facsimile: 202-268-0238

Mail: US Postal Service
Post Office Box 23282
Washington, DC 20026-3282

- **Program Requirements & Documents**

<https://ribbs.usps.gov/index.cfm?page=mailingpromotions>

<https://www.usps.com/business/promotions-and-incentives.htm>

- **Registration**

<https://gateway.usps.com>

- **PostalOne Help Desk:**

(800) 522-9085 or postalone@email.usps.gov

- **Irresistible Mail:** Irresistiblemail.com

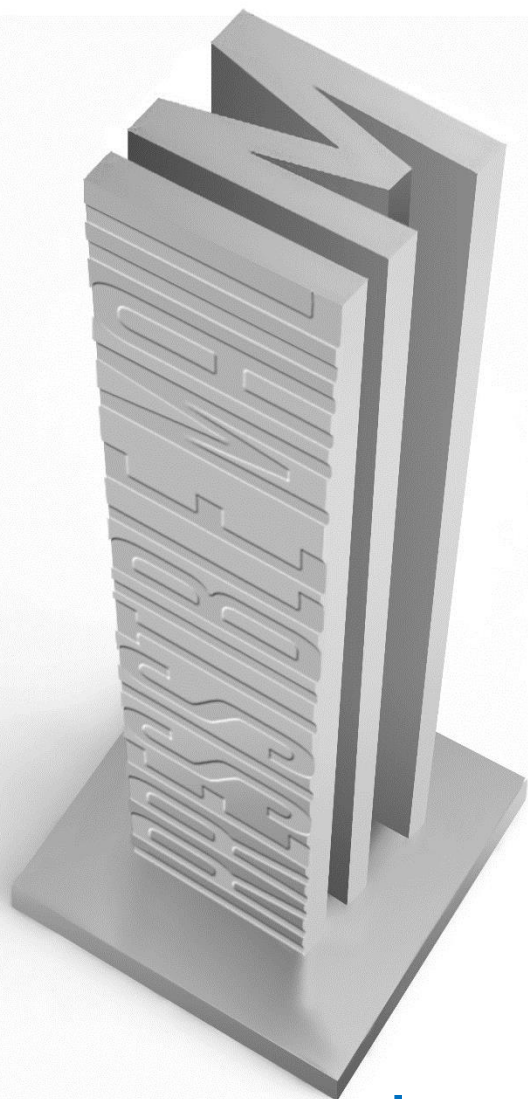
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- **Contest continues in 2017**
- **Quarter 2 submissions due online by September 26th**
- **Quarterly winners compete to become Grand Champion**
- **Winning Client, Agency, and Printer will be announced at NPF 2017**

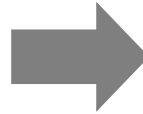


www.irresistiblemail.com/award

Informed Delivery™ Update

Bridge the Physical and Digital

Physical mail
pieces



Digital access
and
interactivity for
mail



Consumer

- ✓ Access to mail anytime, anywhere
- ✓ Increase transparency and visibility to more in household
- ✓ Provide convenient alternative for interactivity with direct mail offers



Mailer

- ✓ Drive additional impressions of mail pieces and higher ROI of direct mail
- ✓ Provide more visibility to First Class mail to ensure open sooner
- ✓ Compete with digital advertising through digital interactivity in mailings



USPS

- ✓ Increase mail volume through:
 - Improved direct mail ROI to drive higher response rates
 - Improve timeliness by driving customer to mailbox
- ✓ Enhance customer experience to improve the USPS brand

Mailer Campaign Testing

Industries with Highest Engagement



Retail (25)



MSP (17)



Insurance (15)



Financial Services (14)



Mail Order Catalog (9)

*Engagement defined as # of Mailers that participated in Stage 1 or 2 conversation

Campaign Status Update

22

Completed campaigns

3

Active campaigns

30+

Campaigns projected for completion by August

Operational Pilot

Goal:

Test Service and Increase Awareness

Priorities:

- Increase broad mailer awareness
- Onboard willing early “test” mailers
- Enroll initial consumer users
- Analyze post-campaign results/mailer to improve capabilities/data needs
- Define general value proposition for mailers
- Data Analysis and campaign results quality checks

Updates and Next Steps

Key Metrics

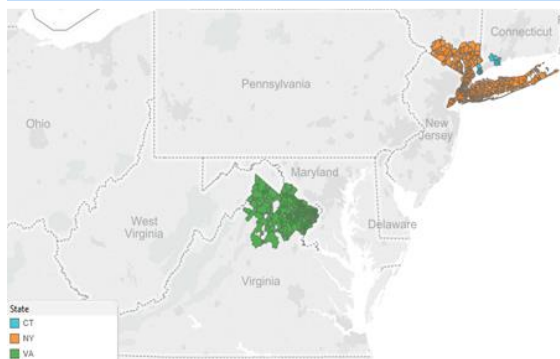
User Acquisition (as of 7/5)

- Total users: 74,556
- NY/CT users: 71,028
- NoVA users: 3,528

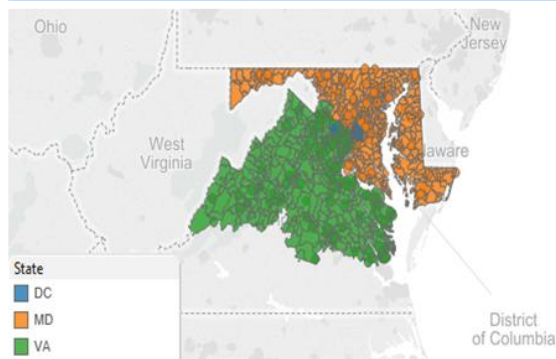
Current 5-Digit ZIP Code Locations

- Number of NY/CT Zip Codes: 653
- Number of NoVA ZIP Codes: 192

NoVA (2014) and New York (2015)



Capital Region Expansion (August 2016)



National Roll Out (Early 2017)

Sequence	Region/Location
1	Southern California
2	San Francisco
3	Houston and Dallas
4	Philadelphia and Pittsburgh
5	Remainder of NY, Northern New Jersey, and Long Island
6	Chicago, Detroit, and Minneapolis
7	Miami and Atlanta
8	...

Pricing Simplification Update

Open Discussion

Pricing/Product Simplification

Standard Mail Considerations

Industry Discussion

Proposed

Internal Process

- Share Concepts with Industry
- Validate Financials (IRC)
- Solicit ELT Approval
- Solicit Governor Approval
- File with PRC
- PRC Decision

All discussions around January 2017 Product Concepts and Potential Structural Changes are to be considered preliminary and non-binding as they are still under consideration and are pending USPS senior leadership approval. Final Prices and Product decisions are within the sole authority of Governors and subject to PRC approval.

Proposed Dates

- 7/12-7/13: Share Key Concepts with MTAC
- Aug: Share Technical Changes and Draft Postage Statements with Developers
- Aug: Share Draft Mailing Standards
- Sep/Oct.: Final PRC Market Dominant
- Nov: Competitive Filings
- Nov/Dec: Publish Final Prices, Standards

Items under consideration:

➤ Standard Mail

- Combine AADC and 3-Digit Automation Letters for Standard Mail Presort
- Simplify Standard Automation Letters by eliminating the per pound rate between 3.3 and 3.5 ounces
- Simplify Simple Samples
- Increase Standard Mail flats piece price weight break from 3.3 ozs. to 4.0 ozs.
- FSS Standard Mail revert to previous structure
- Adjust Standard Mail Forwarding fee to two decimal places
- Standard Mail Promotions

Items under consideration: (Prices for illustrative purposes only)

- **Letters**
 - Merge 3D and AADC columns, create one pre-sort level
 - Work with Operations to determine requirements for a new pre-sort level (if needed)

Piece price up to 3.5 oz

Standard Mail									
LETTERS—CARRIER ROUTE & AUTOMATION									
	Entry Discount	Carrier Route ^{1,2,3}				5-Digit	Automation ²		
		Saturation	High Density Plus	High Density	Basic		3-Digit	AADC	Mixed AADC
Letters weighing 3.3 oz. or less	None	\$0.202	\$0.212	\$0.215	\$0.300	\$0.266	\$0.283	\$0.283	\$0.304
	DNDC	0.169	0.179	0.182	0.267	0.230	0.247	0.247	0.268
per piece price	DSCF	0.157	0.168	0.171	0.256	0.221	0.238	0.238	-
	DDU	-	-	-	-	-	-	-	-
more than 3.3 oz. ⁴	None	0.202	0.212	0.215	0.300	0.266	0.283	0.283	0.304
	DNDC	0.169	0.179	0.182	0.267	0.230	0.247	0.247	0.268
per piece price	DSCF	0.157	0.168	0.171	0.256	0.221	0.238	0.238	-
	DDU	-	-	-	-	-	-	-	-
+		+	+	+	+	+	+	+	+
per pound price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Create one column 3D/AADC

Items under consideration: (Prices for illustrative purposes only)

- **Letters (Commercial and Non-Profit)**
 - **Eliminate 3.3 - 3.5 oz weight break**

Standard Mail									
LETTERS—CARRIER ROUTE & AUTOMATION									
	Entry Discount	Carrier Route ^{1,2,3}				Automation ²			
		Saturation	High Density Plus	High Density	Basic	5-Digit	3-Digit	AADC	Mixed AADC
Letters weighing 3.3 oz. or less	None	\$0.202	\$0.212	\$0.215	\$0.300	\$0.266	\$0.283	\$0.283	\$0.304
	DNDC	0.169	0.179	0.182	0.267	0.230	0.247	0.247	0.268
per piece price	DSCF	0.157	0.168	0.171	0.256	0.221	0.238	0.238	-
	DDU	-	-	-	-	-	-	-	-
more than 3.3 oz. ⁴	None	0.202	0.212	0.215	0.300	0.266	0.283	0.283	0.304
	DNDC	0.169	0.179	0.182	0.267	0.230	0.247	0.247	0.268
per piece price	DSCF	0.157	0.168	0.171	0.256	0.221	0.238	0.238	-
	DDU	-	-	-	-	-	-	-	-
+		+	+	+	+	+	+	+	+
per pound price		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Piece price up to 3.5 oz

Eliminate entire section

Items under consideration: (Prices for illustrative purposes only)

- **Simplify Simple Samples**
 - **Move from 6 tiers to 2**

COMMERCIAL MARKETING PARCELS - SIMPLE SAMPLES

Volume	Targeted		Every Door ¹	
	Small ²	Large ³	Small ²	Large ³
1 - 200,000	\$0.396	\$0.440	\$0.286	\$0.330
200,001 - 400,000	0.385	0.429	0.275	0.319
400,001 - 600,000	0.374	0.418	0.264	0.308
600,001 - 800,000	0.363	0.407	0.253	0.297
800,001 - 1,000,000	0.352	0.396	0.242	0.286
Over 1 Million	0.341	0.385	0.231	0.275

2. Small = 4" x 6" x 1.5"

3. Large = Larger than 4" x 6" x 1.5" but not exceeding 9" x 12" x 2"

**Eliminate 4
Tiers**

Items under consideration: (Prices for illustrative purposes only)

- Increase Standard Mail flats piece price weight break from 3.3 ozs. to 4.0 ozs.

Standard Mail

COMMERCIAL FLATS (LARGE ENVELOPES)

		Automation ¹						Nonautomation					
	Entry Discount	FSS Scheme Pallet/ Container	FSS Other Pallet/ Container	5-Digit	3-Digit	ADC	Mixed ADC	FSS Scheme Pallet/ Container	FSS Other Pallet/ Container	5-Digit	3-Digit	ADC	Mixed ADC
Flats weighing 3.3 oz. or less per piece price	None	\$0.301	\$0.331	\$0.376	\$0.467	\$0.522	\$0.539	\$0.405	\$0.410	\$0.425	\$0.494	\$0.546	\$0.580
	DNDC	0.268	0.298	0.343	0.434	0.489	0.506	0.372	0.377	0.392	0.461	0.513	0.547
	DSCF	0.258	0.288	0.333	0.424	0.479	-	0.362	0.367	0.382	0.451	0.503	-
	DFSS	0.253	0.283	-	-	-	-	0.357	0.362	-	-	-	-
	DDU	-	-	-	-	-	-	-	-	-	-	-	-
	more than 3.3 ounces ³	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763
	DNDC	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602
	DSCF	0.554	0.554	0.554	0.554	0.554	-	0.554	0.554	0.554	0.554	0.554	-
	DFSS	0.554	0.554	-	-	-	-	0.554	0.554	-	-	-	-
	DDU	-	-	-	-	-	-	-	-	-	-	-	-
+		+	+	+	+	+	+	+	+	+	+	+	+
per piece None		0.144	0.174	0.219	0.310	0.365	0.382	0.248	0.253	0.268	0.337	0.389	0.423
per piece DNDC		0.144	0.174	0.219	0.310	0.365	0.382	0.248	0.253	0.268	0.337	0.389	0.423
per piece DSCF		0.144	0.174	0.219	0.310	0.365	-	0.248	0.253	0.268	0.337	0.389	-
per piece DFSS		0.139	0.169	-	-	-	-	0.243	0.248	-	-	-	-
per piece DDU		-	-	-	-	-	-	-	-	-	-	-	-

Items under consideration: (Prices for illustrative purposes only)

➤ FSS Standard Mail revert to previous structure

Standard Mail

COMMERCIAL FLATS (LARGE ENVELOPES)

	Entry Discount	Carrier Route ¹					
		Saturation ²	EDDM	High Density Plus	High Density	Basic	Basic CR Bundles/Pallets
Flats weighing 3.3 oz. or less per piece price	None	\$0.205	\$0.206	\$0.230	\$0.235	\$0.288	\$0.283
	DNDC	0.172	0.173	0.197	0.202	0.256	0.251
	DSCF	0.162	0.163	0.187	0.192	0.245	0.240
	DFSS	-	-	0.187	0.192	-	-
	DDU	0.153	0.154	0.178	0.183	0.238	0.233
more than 3.3 ounces ³ per pound price	None	0.615	0.615	0.615	0.615	0.701	0.701
	DNDC	0.454	0.454	0.454	0.454	0.540	0.540
	DSCF	0.406	0.406	0.406	0.406	0.492	0.492
	DFSS	-	-	0.406	0.406	-	-
	DDU	0.363	0.363	0.363	0.363	0.449	0.449
+		+	+	+	+	+	+
per piece None		0.078	0.079	0.084	0.108	0.145	0.140
per piece DNDC		0.078	0.079	0.084	0.108	0.145	0.140
per piece DSCF		0.078	0.079	0.084	0.108	0.145	0.140
per piece DFSS		-	-	0.084	0.108	-	-
per piece DDU		0.078	0.079	0.084	0.108	0.145	0.140

Items under consideration: (Prices for illustrative purposes only)

- FSS Standard Mail revert to previous structure

Standard Mail

COMMERCIAL FLATS (LARGE ENVELOPES)

		Automation ¹						Nonautomation					
	Entry Discount	FSS Scheme Pallet/ Container	FSS Other Pallet/ Container	5-Digit	3-Digit	ADC	Mixed ADC	FSS Scheme Pallet/ Container	FSS Other Pallet/ Container	5-Digit	3-Digit	ADC	Mixed ADC
Flats weighing 3.3 oz. or less per piece price	None	\$0.301	\$0.331	\$0.376	\$0.467	\$0.522	\$0.539	\$0.405	\$0.410	\$0.425	\$0.494	\$0.546	\$0.580
	DNDC	0.268	0.298	0.343	0.434	0.489	0.506	0.372	0.377	0.392	0.461	0.513	0.547
	DSCF	0.258	0.288	0.333	0.424	0.479	-	0.362	0.367	0.382	0.451	0.503	-
	DFSS	0.253	0.283	-	-	-	-	0.357	0.362	-	-	-	-
	DDU	-	-	-	-	-	-	-	-	-	-	-	-
more than 3.3 ounces ³ per pound price	None	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763	0.763
	DNDC	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602
	DSCF	0.554	0.554	0.554	0.554	0.554	-	0.554	0.554	0.554	0.554	0.554	-
	DFSS	0.554	0.554	-	-	-	-	0.554	0.554	-	-	-	-
	DDU	-	-	-	-	-	-	-	-	-	-	-	-
+	+	+	+	+	+	+	+	+	+	+	+	+	+
per piece None		0.144	0.174	0.219	0.310	0.365	0.382	0.248	0.253	0.268	0.337	0.389	0.423
per piece DNDC		0.144	0.174	0.219	0.310	0.365	0.382	0.248	0.253	0.268	0.337	0.389	0.423
per piece DSCF		0.144	0.174	0.219	0.310	0.365	-	0.248	0.253	0.268	0.337	0.389	-
per piece DFSS		0.139	0.169	-	-	-	-	0.243	0.248	-	-	-	-
per piece DDU		-	-	-	-	-	-	-	-	-	-	-	-

Standard Mail Proposed Structure

Items under consideration: (Prices for illustrative purposes only)

➤ FSS Standard Mail revert to previous structure

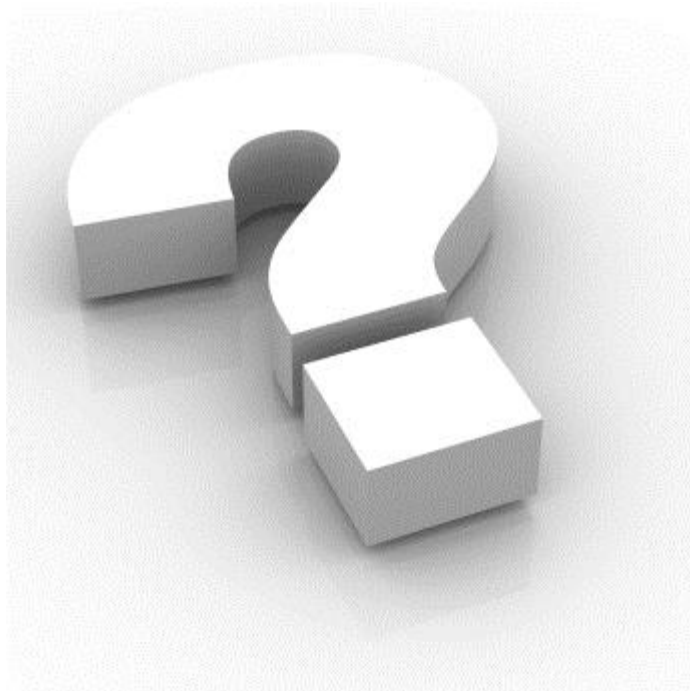
➤ Note: Basic CR Bundles/Pallets (Pure Pallets) will have a column although not shown here

Standard Mail

FLATS (LARGE ENVELOPES)

	Entry Discount	Carrier Route ^{1,2}				Automation ^{1,2}				Nonautomation ¹			
		Saturation ³	High Density Plus	High Density	Basic	5-Digit	3-Digit	ADC	Mixed ADC	5-Digit	3-Digit	ADC	Mixed ADC
Flats weighing 3.3 oz. or less	None	\$0.201	\$0.224	\$0.228	\$0.279	\$0.362	\$0.455	\$0.501	\$0.511	\$0.401	\$0.479	\$0.529	\$0.566
	DNDC	0.168	0.191	0.195	0.246	0.329	0.422	0.468	0.478	0.368	0.446	0.496	0.533
per piece price	DSCF	0.158	0.181	0.185	0.236	0.319	0.412	0.458	-	0.358	0.436	0.486	-
	DDU	0.149	0.172	0.176	0.227	-	-	-	-	-	-	-	-
more than 3.3 oz. ⁴	None	0.609	0.609	0.609	0.699	0.751	0.751	0.751	0.751	0.751	0.751	0.751	0.751
	DNDC	0.448	0.448	0.448	0.538	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590
per pound price	DSCF	0.400	0.400	0.400	0.490	0.542	0.542	0.542	-	0.542	0.542	0.542	-
	DDU	0.357	0.357	0.357	0.447	-	-	-	-	-	-	-	-
+		+	+	+	+	+	+	+	+	+	+	+	+
per piece price		0.075	0.098	0.102	0.135	0.207	0.300	0.346	0.356	0.246	0.324	0.374	0.411

Questions?



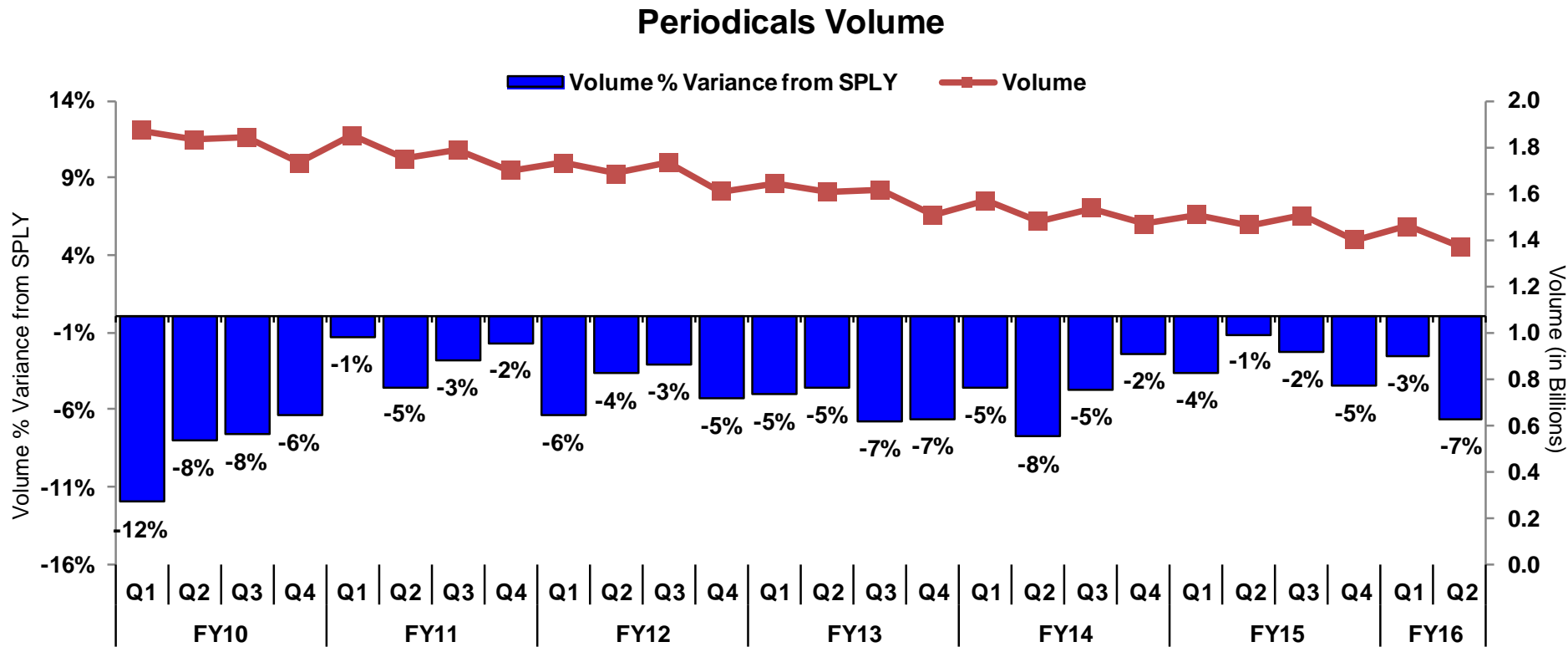
Periodical Mail Product Development

MTAC

July 2016

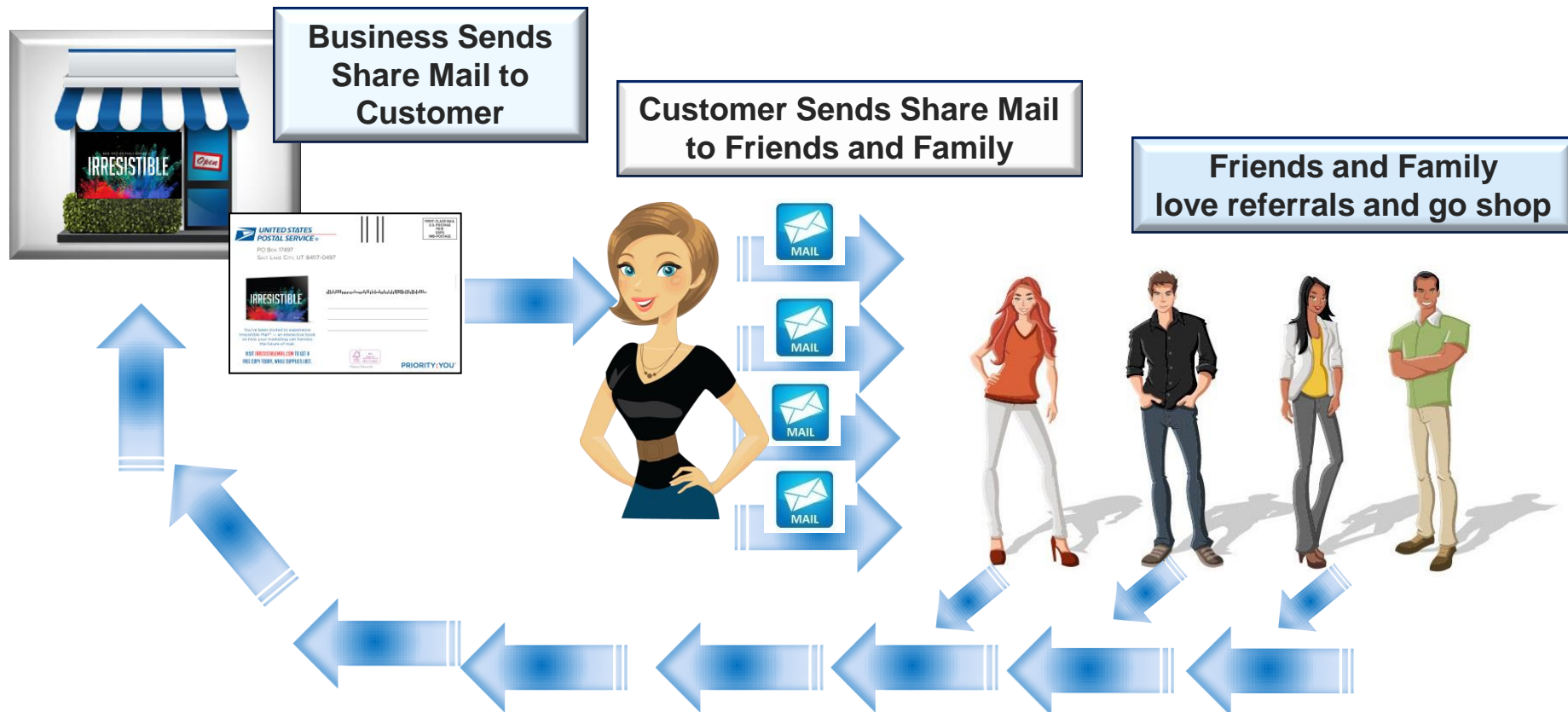
- **Pulse of the Industry**
- **2015 Promotions Update**
- **2016 Promotions Update**
- **2017 Promotions Review**
- **Periodical Promotions Suggestions Review**
- **Informed Delivery Update**
- **Pricing Simplification Update**
- **Open Discussion**

Pulse of the Industry



Source(s):
RPW Quarterly Reports

Enable Your Customers to Promote Your Business



2015 Promotions - Recap

Earned Value

➤ BRM: Total pieces:	37.1M	Total Credits:	\$859.9K
➤ CRM: Total pieces:	<u>+451.4M</u>	Total Credits:	<u>+\$10.4M</u>
	➤ 488.5M		\$11.3M

Color Transpromo

- Over 1.1B mailpieces; over \$433M in revenue
- Over \$8.8M in discounts received by participating customers

Emerging & Advanced Technology

- 4B mailpieces; \$859M in revenue
- Over \$17.5M in discounts received by participating customers

Mail Drives Mobile Engagement

- 5.6B mailpieces; \$1.4B in revenue
- Over \$28.8M in discounts received by participating customers

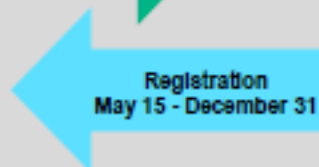
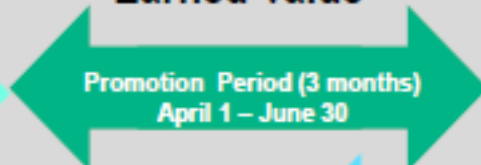
2016 Promotions Calendar Update

As of December 11, 2015

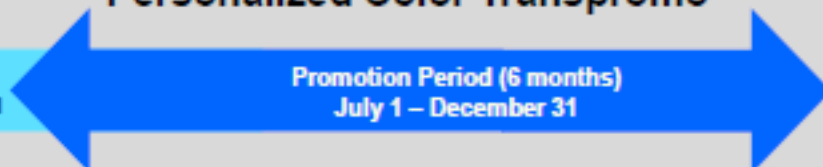
JAN — FEB — MARCH | **APRIL — MAY — JUNE** | **JULY — AUG — SEPT** | **OCT — NOV — DEC**

FIRST-CLASS MAIL®

Earned Value

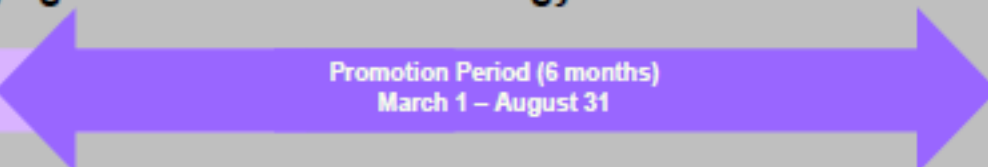


Personalized Color Transpromo



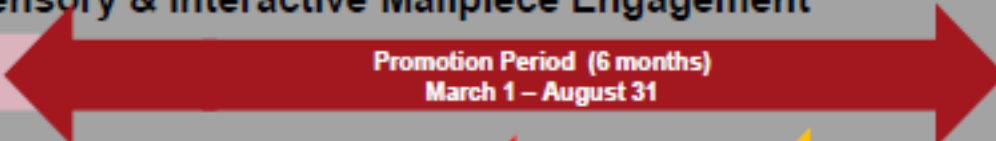
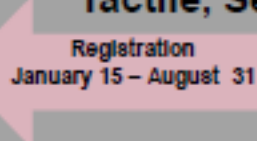
STANDARD MAIL® AND FIRST-CLASS MAIL

Emerging and Advanced Technology/Video In Print

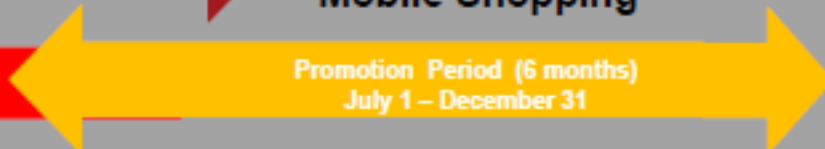


STANDARD MAIL

Tactile, Sensory & Interactive Mailpiece Engagement



Mobile Shopping



▪ **Earned Value**

- Over 480 customers enrolled
- As of 7/7, CRM pieces: over 386M. BRM pieces: over 33M
- 2016 Credit release begins – 7/11/16
- 2013 credits **expire** 8/15/16

2017 Promotions Calendar Review

Approved 2017 Promotion Calendar

As of June 24, 2016

PRC approved as of June 16, 2016

NOV – DEC 2016	JAN – FEB - MARCH	APRIL – MAY - JUNE	JULY – AUG - SEPT	OCT – NOV - DEC
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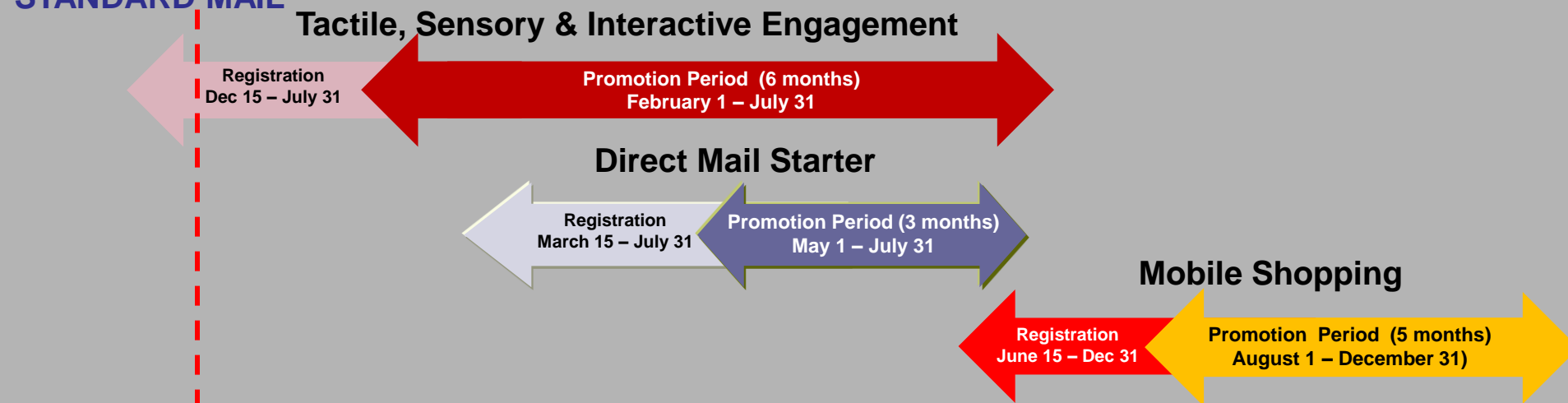
FIRST-CLASS MAIL



STANDARD AND FIRST-CLASS MAIL



STANDARD MAIL



Promotion Period: January – June 2017

Earned Value Reply Mail Promotion:

As in prior years, this promotion will encourage mailers to distribute BRM and CRM envelopes and cards by providing them with a financial benefit when their customers put those pieces back in the mail. Credits may be applied to postage for First-Class mail presort & automation cards, letters and flats and Standard Mail letters & flats. Unused credits will expire December 31, 2017.

NEW in 2017

- ✓ Promotion will run for **6** months (previous years have been for 3 months)
- ✓ Mailers can earn a financial benefit related to distribution of Share Mail™ pieces
- ✓ Mailers can earn a **5¢** postage credit for each BRM, CRM & Share Mail™ piece placed in the mail stream & scanned during the promotion period
- ✓ Additional credits **will not** be offered to mailers that meet or increase prior year's volume

Periodical Promotion Suggestion Review

Periodical Sampling Holiday (Preferred Periodicals)

- Statutory regulations do not allow for this type promotion

Periodical Sampling Holiday (non-Preferred Periodicals)

- Statutory regulations do not allow for this type promotion

Emerging and Advanced Technologies in Periodicals

- Discounts cannot be provided on products not covering costs

Periodical Prospecting with Standard Mail

- Further research needed/potential to participate in current promotions

- August - Program Requirements estimated release
- Industry Promotion Suggestion update
- MTAC Task Team #24

- **Program Office contact:**

Email: mailingpromotions@usps.gov

Facsimile: 202-268-0238

Mail: US Postal Service
Post Office Box 23282
Washington, DC 20026-3282

- **Program Requirements & Documents**

<https://ribbs.usps.gov/index.cfm?page=mailingpromotions>

<https://www.usps.com/business/promotions-and-incentives.htm>

- **Registration**

<https://gateway.usps.com>

- **PostalOne Help Desk:**

(800) 522-9085 or postalone@email.usps.gov

- **Irresistible Mail:** Irresistiblemail.com

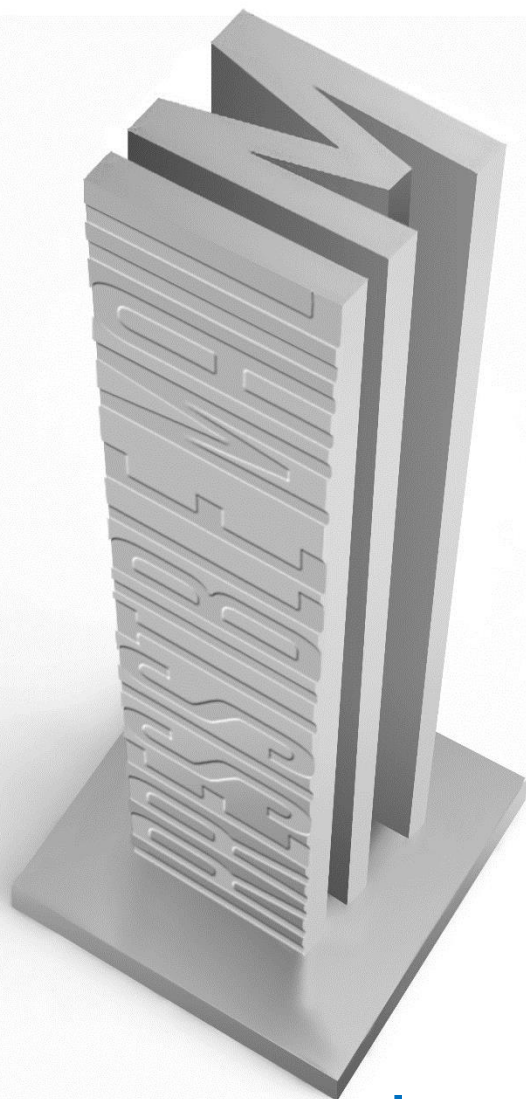
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- **Contest continues in 2017**
- **Quarter 2 submissions due online by September 26th**
- **Quarterly winners compete to become Grand Champion**
- **Winning Client, Agency, and Printer will be announced at NPF 2017**



www.irresistiblemail.com/award

Informed Delivery™ Update

Bridge the Physical and Digital

Physical mail
pieces



Digital access
and
interactivity for
mail



Consumer

- ✓ Access to mail anytime, anywhere
- ✓ Increase transparency and visibility to more in household
- ✓ Provide convenient alternative for interactivity with direct mail offers



Mailer

- ✓ Drive additional impressions of mail pieces and higher ROI of direct mail
- ✓ Provide more visibility to First Class mail to ensure open sooner
- ✓ Compete with digital advertising through digital interactivity in mailings



USPS

- ✓ Increase mail volume through:
 - Improved direct mail ROI to drive higher response rates
 - Improve timeliness by driving customer to mailbox
- ✓ Enhance customer experience to improve the USPS brand

Mailer Campaign Testing

Industries with Highest Engagement



Retail (25)

MSP (17)



Insurance (15)

Financial Services (14)



Mail Order Catalog (9)

*Engagement defined as # of Mailers that participated in Stage 1 or 2 conversation

Campaign Status Update

22

Completed campaigns

3

Active campaigns

30+

Campaigns projected for completion by August

Operational Pilot

Goal:

Test Service and Increase Awareness

Priorities:

- Increase broad mailer awareness
- Onboard willing early “test” mailers
- Enroll initial consumer users
- Analyze post-campaign results/mailer to improve capabilities/data needs
- Define general value proposition for mailers
- Data Analysis and campaign results quality checks

Updates and Next Steps

Key Metrics

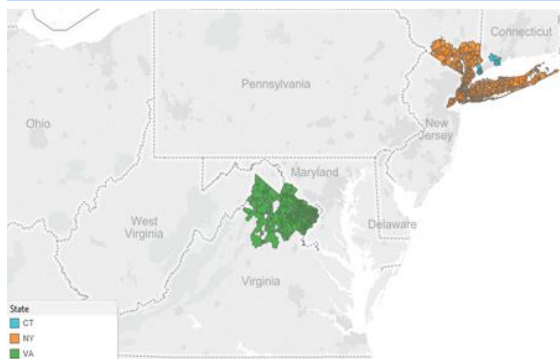
User Acquisition (as of 7/5)

- Total users: 74,556
- NY/CT users: 71,028
- NoVA users: 3,528

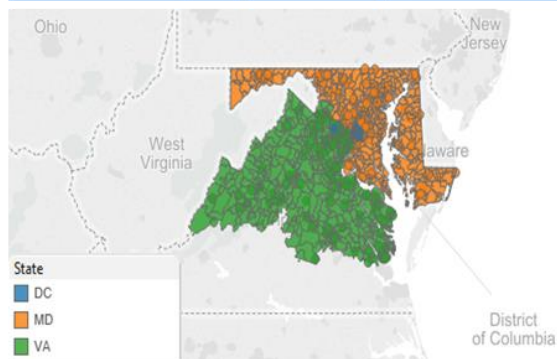
Current 5-Digit ZIP Code Locations

- Number of NY/CT Zip Codes: 653
- Number of NoVA ZIP Codes: 192

NoVA (2014) and New York (2015)



Capital Region Expansion (August 2016)



National Roll Out (Early 2017)

Sequence	Region/Location
1	Southern California
2	San Francisco
3	Houston and Dallas
4	Philadelphia and Pittsburgh
5	Remainder of NY, Northern New Jersey, and Long Island
6	Chicago, Detroit, and Minneapolis
7	Miami and Atlanta
8	...

Pricing Simplification Update

Open Discussion

Pricing/Product Simplification

Periodicals Considerations

Industry Discussion

Proposed

Internal Process

- Share Concepts with Industry
- Validate Financials (IRC)
- Solicit ELT Approval
- Solicit Governor Approval
- File with PRC
- PRC Decision

All discussions around January 2017 Product Concepts and Potential Structural Changes are to be considered preliminary and non-binding as they are still under consideration and are pending USPS senior leadership approval. Final Prices and Product decisions are within the sole authority of Governors and subject to PRC approval.

Proposed Dates

- 7/12-7/13: Share Key Concepts with MTAC
- Aug: Share Technical Changes and Draft Postage Statements with Developers
- Aug: Share Draft Mailing Standards
- Sep/Oct.: Final PRC Market Dominant
- Nov: Competitive Filings
- Nov/Dec: Publish Final Prices, Standards

Items under consideration:

- Periodicals
 - FSS Periodicals revert to previous structure

Items under consideration: (Prices for illustrative purposes only)

- FSS Periodicals revert to previous structure

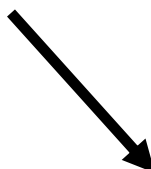
Periodicals

Outside County—Including Science-of-Agriculture

Piece Prices—per addressed piece*

Bundle Level	Letters		Machinable Flats	
	Barcoded	Nonbarcoded	Barcoded	Nonbarcoded
CR Saturation	0.145	0.145	0.145	0.145
CR High Density	0.168	0.168	0.168	0.168
CR Basic	0.202	0.202	0.202	0.202
FSS	-	-	0.230	0.360
5-Digit	0.216	0.311	0.300	0.311
3-Digit/SCF	0.284	0.416	0.390	0.416
ADC	0.304	0.435	0.407	0.435
MXD ADC	0.341	0.473	0.438	0.473

Eliminate FSS
Piece Price



Items under consideration: (Prices for illustrative purposes only)

- FSS Periodicals revert to previous structure

BUNDLE PRICES—per bundle

Bundle Level	Container Level					
	CR/5-Digit	FSS Facility	FSS Scheme	3-Digit/SCF	ADC	MXD ADC
Firm	0.103	-	-	0.214	0.268	0.362
Carrier Route	0.270	-	-	0.549	0.694	0.928
5-Digit	0.313	-	-	0.354	0.493	0.749
FSS Scheme	-	0.314	0.000	0.314	0.463	0.705
3-Digit/SCF	-	-	-	0.314	0.456	0.703
ADC	-	-	-	-	0.317	0.580
MXD ADC	-	-	-	-	-	0.212

CONTAINER PRICES—per pallet, tray, or sack

Entry	Pallet								Tray/Sack					
	CR	5-Digit	3-Digit/SCF	FSS Facility	FSS Scheme	ADC	Mixed ADC		CR/5-Digit	3-Digit/SCF	FSS Facility	FSS Scheme	ADC	Mixed ADC
DDU	3.046	-	-	-	-	-	-		0.974	-	-	-	-	
DSCF	19.023	39.806	23.822	23.822	13.327	-	-		1.407	0.866	0.866	0.866	-	
DFSS	-	-	-	23.822	6.664	-	-		-	-	0.866	0.433	-	-
DADC	36.324	57.107	41.123	41.123	30.628	24.545	-		1.840	1.299	1.299	1.299	0.866	
DNDC	40.572	61.355	45.372	45.372	34.876	42.789	-		2.165	1.624	1.624	1.624	1.515	
Origin	59.711	80.494	64.497	64.497	53.984	61.901	6.251		2.922	2.273	2.273	2.273	2.167	0.462

Periodicals Proposed Structure

Items under consideration: (Prices for illustrative purposes only)

➤ FSS Standard Mail revert to previous structure

➤ Note: CR Pallets (Pure Pallets) will have a column although not shown here

Periodicals

Outside County—Including Science-of-Agriculture

Bundle Prices—per bundle

Bundle Level	CONTAINER LEVEL			
	CR/5-Digit	3-Digit/SCF	ADC	MXD ADC
Firm	\$0.081	\$0.146	\$0.158	\$0.190
Carrier Route	0.156	0.295	0.333	-
5-Digit	0.149	0.154	0.211	0.292
3-Digit/SCF	-	0.132	0.195	0.283
ADC	-	-	0.118	0.213
MXD ADC	-	-	-	0.081

Container Prices—per pallet, tray, or sack

Entry	PALLET				TRAY/SACK			
	5-Digit	3-Digit/SCF	ADC	Mixed ADC	CR/5-Digit	3-Digit/SCF	ADC	Mixed ADC
Destination Delivery Unit	\$1.694	-	-	-	\$0.959	-	-	-
Destination SCF	21.599	\$11.752	-	-	1.385	\$0.853	-	-
Destination ADC	31.975	21.917	\$13.129	-	1.812	1.279	\$0.853	-
Destination NDC	33.776	25.199	23.717	-	2.132	1.599	1.492	-
Origin	53.370	40.719	34.375	\$3.560	2.877	2.238	2.134	\$0.449

Questions?

